



Associated Press

VASILY GARBUZOV
... reports on Soviet budget

Russia Says Its Defense Budget Is Up

5% Boost Prompted
By War in Vietnam;
Trend Is Reversed

From News Dispatches

MOSCOW, Dec. 7.—The Soviet Union announced today a 5 per cent increase in defense spending for 1966.

Finance Minister Vasily Garbuzov revealed the \$666 million increase when he outlined the 1966 national budget to the year-end session of the Supreme Soviet (parliament). He did not mention Vietnam by name, but made it clear the boost was prompted by the war there.

The increase reversed a two-year-old trend of introducing defense cuts at the traditional December meeting of the Supreme Soviet, which approves the following year's budget and economic plan.

No U.S. Comment

Some diplomatic observers in Moscow saw the announcement as a jolt to the East-West disarmament negotiations opening in Geneva in January.

[In Washington, a State Department spokesman said the United States will avoid comment on the "overt" Soviet defense budget. Soviet military

spending is concealed under various other items, such as science, making impossible an accurate outside assessment. To some American analysts, the Soviet announcement appeared more significant for its

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psychological and political implications than for the actual [unspecified expenditures.] Speaking to the 1483 deputies of the Supreme Soviet, Garbuzov said: "Latest events testify to the growing activity of the aggressive forces of the imperialist states, to the desire to create new seats of war, to arrest the process of social and national liberation by military means." He avoided mentioning the United States, and observers said that on the whole his comments were delivered in a moderate manner. He ticked off the various main items of expenditure, which pushed the total Soviet budget over the 100 billion ruble mark, much as the U.S.

budget has surpassed the \$100 billion figure.

Garbuzov said the Soviet Union anticipates an income of 105.4 billion rubles (\$115.9 billion) and total spending of 105.3 billion rubles. (\$115.8 billion).

The Soviet budget is not strictly comparable to the American one, however, because it comprises the whole economy. The American national budget does not include the expenses of private industry.

The economic plan for 1966 was similarly introduced for discussion and rubber-stamp approval by Deputy Premier Nikolai Baibakov, chairman of Gosplan, the State Planning Committee.

A notable point in his presentation was that the Soviet leaders have targeted a 6.7 per cent rate of industrial

growth in 1966. This is below the average industrial growth rate of previous years. The rate has steadily dropped from 9.2 to 7.1 per cent.

Observers said it was not entirely clear why the Soviet planners had agreed on this lower figure. Some speculated it was in keeping with the generally declining growth rate; others suggested it was intended to ease the changeover in the Soviet economy through a wide-sweeping reorganization introduced by Premier Alexei Kosygin in September. The stress on the two speeches was on heavy industry, although mention was made of improving consumer goods.

The assembly is now expected to indulge in proforma discussion of budget and plan. These are to be approved by the week's end.

Informed sources said For-



Kapitonov Shcherbitsky

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PROMOTED. — Ivan V. Kapitonov and Vladimir Shcherbitsky were named to posts in the Soviet Communist party top command by Leonid I. Brezhnev on Sunday. Kapitonov, 50, becomes a member of the Central Committee Secretariat, and Shcherbitsky, 47, is named a candidate member of the ruling party presidium.

Foreign Minister Andrei Gromyko is expected to make a foreign policy statement Thursday before the session's conclusion.